

This comment is being submitted to inform you of the Financial Management Service's (FMS) debt collection program which utilizes private collection agencies to assist in the collection of nontax debt owed to federal agencies.

Under the Debt Collection Improvement Act of 1996 (DCIA), federal agencies are required to transfer nontax debts over 180 delinquent to Treasury for collection. The DCIA further requires that Treasury maintain a schedule of private collection contractors eligible for referral of debts. One of the purposes of the DCIA is "To rely on the experience and expertise of private sector professionals to provide debt collection services to federal agencies." (31 U.S.C. 3711 note)

Pursuant to the DCIA, FMS, a bureau within the Department of the Treasury, has contracted with 5 private collection agencies to collect debts owed to federal agencies. These private collection agencies are an integral part of our debt collection program. In fiscal year 2005, FMS referred approximately \$2.3 billion in delinquent debts to private collection agencies. In addition to referrals from FMS, both the U.S. Department of Education and the Department of Health and Human Services separately refer delinquent debts to private collection agencies. Total referrals of delinquent federal debts to private collection agencies in fiscal year 2005 were \$13.7 billion.

In each of the last four fiscal years, collections by private collection agencies on behalf of federal agencies have steadily increased. In fiscal year 2005 total collections by private collection agencies on debts owed to federal agencies exceeded \$693 million. In addition to these collections, private collection agencies significantly assist the federal government's debt collection program by entering into repayment agreements with debtors and by administratively resolving debt due to, for example, a debtor filing for bankruptcy.

As more fully described in the petition filed by ACA International, autodialers are critical to the success of private collection agencies. A ruling by the Federal Communication Commission that would apply the restrictions on the use of autodialers to the efforts of private collection agencies collecting debts on behalf of the United States or would leave the issue unresolved, could have a significant negative impact on federal debt collection. We therefore urge the FCC to clarify this important issue.